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# SPECIAL SERVICE AREA #1-2015

(a taxing district authorized by the City of Chicago)

## FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

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**THE A.C.T. GROUP LLC**  
ODONI PARTNERS COMPANY

**SPECIAL SERVICE AREA #1-2015  
DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

Commissioners of Special Service Area #1-2015  
Chicago, Illinois

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Special Service Area #1-2015 (a taxing district authorized by the City of Chicago) which comprise the statements of net position and governmental funds balance sheets as of December 31, 2019 and 2018, and the related statements of activities and governmental funds, revenues, expenditures and changes in fund balance, and revenues and expenditures-budget and actual for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #1-2015 as of December 31, 2019 and 2018 and the changes in financial position and budgetary comparison for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Restricted Use Relating to the Other Matter***

The communication related to compliance with the aforementioned Agreements described in the Required Supplementary Information paragraph is intended solely for the information and use of the Chicago Loop Alliance, SSA #1-2015 and the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the combining and combined financial statements as a whole. The supplementary information included on page 10 is presented for purposes of additional analysis and is not a required part of the combining and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combining and combined financial statements. The information, except for the budget information included on page 10 which is unaudited, has been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining and combined financial statements or to the combining and combined financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combining and combined financial statements as a whole. The unaudited information referred to above has not been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Emphasis of a Matter***

As discussed in Note 9 to the consolidated financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

***The A.C.T. Group, LLC***

The A.C.T. Group, LLC  
Certified Public Accountants  
May 14, 2020

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
Statements of Net Position and Governmental Funds Balance Sheets  
December 31, 2019 and 2018

	2019			2018		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash and Cash Equivalents	\$ 390,852	\$ -	\$ 390,852	\$ 319,496	\$ -	\$ 319,496
Property Tax Receivable, net of allowance for uncollectable taxes of \$120,868 and \$114,932	2,900,827	-	2,900,827	2,758,368	-	2,758,368
<b>TOTAL ASSETS</b>	<b>\$ 3,291,679</b>	<b>\$ -</b>	<b>\$ 3,291,679</b>	<b>\$ 3,077,864</b>	<b>\$ -</b>	<b>\$ 3,077,864</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable and Accrued Expenses	\$ 260,516	\$ -	\$ 260,516	\$ 215,650	\$ -	\$ 215,650
<b>TOTAL LIABILITIES</b>	260,516	-	260,516	215,650	-	215,650
<b>DEFERRED INFLOWS</b>						
Deferred Property Tax Revenue	2,900,827	(2,900,827)	-	2,758,368	(2,758,368)	-
<b>TOTAL DEFERRED INFLOWS</b>	2,900,827	(2,900,827)	-	2,758,368	(2,758,368)	-
<b>FUND BALANCES / NET POSITION</b>						
<u>Unassigned</u>	130,335	(130,335)	-	103,846	(103,846)	-
<b>TOTAL FUND BALANCE</b>	130,335	(130,335)	-	103,846	(103,846)	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 3,291,679</b>			<b>\$ 3,077,864</b>		
<u>Net Position</u>						
Unrestricted		\$ (3,031,162)	\$ 3,031,162	\$ (2,862,214)	\$ 2,862,214	

Amounts reported for governmental activities in the statements of net position are different because:

Total fund balance - governmental funds	\$ 130,335	\$ 103,846
Property tax revenue is recognized in the period for which levied rather than when "available." A portion of the property tax is deferred as it is not available in the governmental funds.	2,900,827	2,758,368
<b>Total net position - governmental activities</b>	<b>\$ 3,031,162</b>	<b>\$ 2,862,214</b>

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
Statements of Activities and Governmental Funds, Revenues,  
Expenditures and Changes in Fund Balances  
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
REVENUES:						
Property Taxes	\$ 2,778,945	\$ 142,459	\$ 2,921,404	\$ 2,572,381	\$ 245,444	\$ 2,817,825
Interest Income	94	-	94	96	-	96
<b>TOTAL REVENUE</b>	<b>2,779,039</b>	<b>142,459</b>	<b>2,921,498</b>	<b>2,572,477</b>	<b>245,444</b>	<b>2,817,921</b>
EXPENDITURES:						
Services:						
Customer Attraction	417,427	-	417,427	469,597	-	469,597
Public Way Aesthetics	1,089,962	-	1,089,962	1,073,357	-	1,073,357
Economic/Business Development	101,031	-	101,031	50,672	-	50,672
Safety Programs	403,830	-	403,830	357,526	-	357,526
<b>Total Services Expenditures</b>	<b>2,012,251</b>	<b>-</b>	<b>2,012,251</b>	<b>1,951,152</b>	<b>-</b>	<b>1,951,152</b>
Administration:						
Personnel	599,585	-	599,585	567,184	-	567,184
Admin - nonpersonnel	140,714	-	140,714	128,015	-	128,015
<b>Total Administration Expenditures</b>	<b>740,299</b>	<b>-</b>	<b>740,299</b>	<b>695,199</b>	<b>-</b>	<b>695,199</b>
<b>TOTAL EXPENDITURES</b>	<b>2,752,550</b>	<b>-</b>	<b>2,752,550</b>	<b>2,646,351</b>	<b>-</b>	<b>2,646,351</b>
Excess of revenues over (under) expenditures	26,489	142,459	168,948	(73,874)	245,444	171,570
Change in Net Position	26,489	142,459	168,948	(73,874)	245,444	171,570
FUND BALANCE/NET POSITION						
Beginning of the Year	103,846	2,758,368	2,862,214	177,720	2,512,924	2,690,644
End of the Year	\$ 130,335	\$ 2,900,827	\$ 3,031,162	\$ 103,846	\$ 2,758,368	\$ 2,862,214

Amounts reported for governmental activities in the statements of activities are different because:

Net change in Fund balance - governmental funds	\$ 26,489	\$ (73,874)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	142,459	245,444
Change in net position	\$ 168,948	\$ 171,570

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

1. **Summary of Significant Accounting Policies**

**(a) Nature of Reporting Entity:** Special Service Area #1-2015 (SSA) is a taxing district authorized by the City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to improve and enhance the State Street commercial district. The SSA is funded by property taxes levied on properties within the SSA boundaries, which are collected by the Cook County Treasurer, and then distributed by the City of Chicago to the SSA.

Special Service Area #1-2015 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Chicago Loop Alliance (CLA) to perform administrative duties as the service provider for this SSA during the reporting period. CLA is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

**(b) Basis of Presentation:** The government-wide financial statements report information on all the activities of the Special Service Area. Governmental activities include those items funded by the tax levies. While separate governmental activities incorporate data from the governmental funds. The fund financial statements are on major governmental funds. The commission reports one major governmental fund, the General Fund.

**(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation:** The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year they are levied.

The governmental fund financial statements are prepared on the modified accrual basis of accounting with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available to finance expenditures of the current period. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

1. **Summary of Significant Accounting Policies (continued)**

**(d) Government-Wide and Fund Financial Statements:** The financial statements of the SSA have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for the establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The SSA accounts for its activities in one fund, its general fund.

**(e) Assets, Liabilities, and Net Position:**

**Cash, Cash equivalents and investments:** The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Receivables:** All property tax receivables are shown net of allowances. As of December 31, 2019 and 2018, the allowance is estimated to be 4% of the outstanding property taxes.

**Prepaid items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Fund Equity/Net Position:** Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the SSA board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA board. Unassigned fund balance is a net resource in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted fund balances are available for use, it is the SSA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance is reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statement, net position is reported as invested in capital assets net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, if applicable, is comprised of the net capital asset balance less any related debt. Restricted net position is when restrictions are placed on net assets from 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.



SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

**1. Summary of Significant Accounting Policies (continued)**

**(f) Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

**2. Cash, Cash Equivalents, and Investments**

The Organization maintains its cash in a bank deposit account, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash.

**3. Deferred Inflows of Revenue**

As deferred inflow of resource/property tax revenue represents an acquisition of fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

**4. Fund Equity / Net Position**

The SSA is required to present information regarding its financial position and activities according to the between the SSA and the City of Chicago. As of December 31, 2019 and 2018, the SSA total fund balances of \$130,335 and \$130,846, respectively. These funds will be utilized in this special area during future years as well as act as a reserve for any emergencies.

**5. Property Taxes**

Property taxes become an enforceable lien on real property on January 1 of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimate based on the prior year billed levy (55%) and is due in March. The second installment is due on August 1, or 30 days from the mailing of the tax bills if issued later than July 1. The second installment is based on the remaining amount of the levy on file with the County. Bills are issued and collected by Cook County who remits the SSA's share to the City who then remits the monies to the SSA.

**6. Related Party Transactions**

The SSA #1-2015 is affiliated with Chicago Loop Alliance (CLA), which provides certain administrative services for the SSA #1-2015. As of December 31, 2019 and 2018, \$260,516 and \$215,650, respectively, were payable for services provided and outstanding vendor bills. The balances resulted from the time lag that 1) goods and services are being provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments are being made.

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

**7. Prior Year Reclassifications**

For comparability, the prior year's financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used this year.

**8. Subsequent Events**

The SSA has evaluated the December 31, 2019 and 2018, financial statements for subsequent events through the May 14, 2020, the date the financial statements were available to be issued. The SSA is not aware of any additional subsequent events that would require recognition or disclosure in the accompanying financial statements.

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

## SUPPLEMENTARY INFORMATION

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
Statements of Revenues and Expenditures - Budget and Actual  
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>						
Property Taxes	\$ 2,836,626	\$ 2,820,776	\$ 15,850	\$ 2,617,254	\$ 2,599,000	\$ 18,254
Late Collections and Interest Income Thereon	36,674	(41,831)	78,505	34,960	(26,619)	61,579
Interest Income	-	94	(94)	-	96	(96)
Loss Collection	36,674	-	36,674	34,960	-	34,960
<b>TOTAL REVENUE</b>	<b>2,909,974</b>	<b>2,779,039</b>	<b>130,935</b>	<b>2,687,174</b>	<b>2,572,477</b>	<b>114,697</b>
<b>EXPENSES:</b>						
<b>Customer Attraction</b>						
Website	16,000	15,004	996	57,750	57,503	247
Special Events	25,600	16,009	9,591	20,000	14,328	5,672
Social Media Outreach	15,000	13,276	1,724	15,000	10,117	4,883
Decorative Banners	85,000	84,973	27	85,000	84,424	576
Holiday Decorations	75,000	69,978	5,022	75,000	68,678	6,322
Printed Materials	52,900	42,609	10,291	55,000	41,830	13,170
Display Advertising	51,100	51,232	(132)	65,000	61,125	3,875
PR/Media Relations	-	-	-	11,000	8,715	2,285
Placemaking	76,000	75,970	30	76,000	75,604	396
Additional Insurance	12,000	11,829	171	13,000	11,829	1,171
Activation of CTA Kiosks	40,500	36,547	3,953	40,500	35,444	5,056
<b>Total Customer Attraction</b>	<b>449,100</b>	<b>417,427</b>	<b>31,673</b>	<b>513,250</b>	<b>469,597</b>	<b>43,653</b>
<b>Public Way Aesthetics</b>						
Landscaping	210,000	207,178	2,822	219,000	218,587	413
Way Finding/Signage	21,000	20,580	420	20,000	19,740	260
Streetscape Elements	25,000	10,155	14,845	40,000	21,361	18,639
Sidewalk Maintenance	446,248	252,693	193,555	215,960	202,205	13,755
Sidewalk Cleaning & Snow Removal	360,000	359,556	444	350,000	336,214	13,786
Sidewalk Power Washing	245,000	239,800	5,200	281,000	275,250	5,750
<b>Total Public Way Aesthetics</b>	<b>1,307,248</b>	<b>1,089,962</b>	<b>217,286</b>	<b>1,125,960</b>	<b>1,073,357</b>	<b>52,603</b>
<b>Economic/Business Development</b>						
Economic Impact Study	14,000	12,859	1,141	-	-	-
Strategic Planning	37,500	37,500	-	17,335	-	17,335
Springboard Pedestrian Counters	51,000	50,672	328	51,000	50,672	328
<b>Total Econ./Bus. Development</b>	<b>102,500</b>	<b>101,031</b>	<b>1,469</b>	<b>68,335</b>	<b>50,672</b>	<b>17,663</b>
<b>Safety Programs</b>						
Police Engagement	140,000	141,502	(1,502)	112,500	108,250	4,250
Ambassador - Public Safety Program	265,000	262,328	2,672	344,710	247,276	97,434
Homeless Outreach Program	-	-	-	10,000	2,000	8,000
<b>Total Safety Programs</b>	<b>405,000</b>	<b>403,830</b>	<b>1,170</b>	<b>467,210</b>	<b>357,526</b>	<b>109,684</b>
<b>SSA Mgt./Admin . Non-Personnel</b>						
Annual Report	9,750	8,350	1,400	2,500	2,500	-
Audit	5,000	3,900	1,100	4,500	4,305	195
Bookkeeping	5,250	3,804	1,446	3,563	3,393	170
Office Rent	68,000	67,687	313	55,500	54,728	772
Office Utilities	12,750	8,612	4,138	6,750	6,106	644
Office Equip Lease/Maint	18,750	16,979	1,771	18,000	17,175	825
D&O / General Liability Insurance	17,250	14,684	2,566	21,000	20,581	419
Conferences & Training	7,500	5,916	1,584	9,000	7,939	1,061
IT Monitoring Services	18,750	10,781	7,969	11,831	11,288	543
<b>Total Admin. Non-Personnel</b>	<b>163,000</b>	<b>140,714</b>	<b>22,286</b>	<b>132,644</b>	<b>128,015</b>	<b>4,629</b>
<b>Personnel</b>	<b>593,126</b>	<b>599,585</b>	<b>(6,459)</b>	<b>569,775</b>	<b>567,184</b>	<b>2,591</b>
<b>TOTAL EXPENSES</b>	<b>3,019,974</b>	<b>2,752,550</b>	<b>267,424</b>	<b>2,877,174</b>	<b>2,646,351</b>	<b>230,823</b>
Excess of Revenue Over (Under) Expenditures	\$ (110,000)	\$ 26,489	\$ (136,489)	\$ (190,000)	\$ (73,874)	\$ (116,126)
<b>CARRYOVER</b>	<b>110,000</b>	<b>-</b>	<b>110,000</b>	<b>190,000</b>	<b>-</b>	<b>190,000</b>
Net expenditures in excess of revenues	\$ -	\$ 26,489	\$ (26,489)	\$ -	\$ (73,874)	\$ 73,874

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

SUMMARY SCHEDULE OF FINDINGS

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Planning Development issued in 2017, we have read the requirements contained in the Agreement for Special Service Area #1-2015 between the City of Chicago and Chicago Loop Alliance (CLA).

**Current year findings:**

- CLA does not pay the bills of SSA #1-2015 out of the SSA #1-2015 bank account. All bills are paid through CLA and monies are transferred out of the SSA account to the CLA account for the exact amount of funds spent for the SSA. If a bill is to be allocated between CLA and the SSA, only funds that apply to the SSA portion of the bill are transferred to CLA.
- We noted certain expenditures for which actual expenses exceeded budgeted amounts

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

**Management response:**

- SSA #1-2015 bank account is currently a depository bank account. All bills are paid through the Chicago Loop Alliance (CLA) bank account and monies are transferred out of the SSA #1-2015 account to the CLA account for the exact amount of funds spent for SSA # 1-2015. SSA #1-2015 funds are not commingled with other CLA sources per *Section 5.03, Method of Payment*:

*Section 5.03, Method of Payment*, also states that pursuant to a schedule to be determined by the Commissioners, after the performance of services pursuant to the terms of the agreement, CLA may submit invoices to the City to request reimbursement for such expenses. CLA must provide, along with the invoices, such additional documentation as the Commissioners request to substantiate the services. Upon the Commissioners' determination that the invoices are accurate, the City will process payment of the invoices.

Abiding to the Special Service Area Financial and Accounting Guidelines, SSA #1-2015 Commissioners do not sign checks or other financial documents, but their approval in writing is needed for financial transactions pertaining to SSA #1-2015 finances. CLA will include a Commissioner or Commissioners elected by the State Street Commission to review a summary of accounts payable batch approval scheduled for payment. The elected Commissioner's signature will serve as authorization of the accounts payable scheduled for payment before disbursements are made. The elected Commissioner will also be invited to sit at CLA's Finance Committee meeting to ensure compliance with the Special Service Area (SSA) Audit Guidelines and appropriate management of SSA #1-2015 fund.

The Department of Planning and Development found this Corrective Action Plan satisfactory to ensure compliance with the requirements established in Special Service Area (SSA) Audit Guidelines in a letter addressed to Chicago Loop Alliance (CLA) on July 19, 2012, which was issued when CLA was the sole service provider to SSA #1. The procedures have not changed when SSA #1-2015 was established.

- Our corrective action is plan is for Chicago Loop Alliance also to be more careful monitoring expenditures and we will request a budget revision if it is determined that any of the categories will be over budget.

SPECIAL SERVICE AREA #1-2015  
(a taxing district authorized by the City of Chicago)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

**Update of prior year findings:**

- We noted certain expenditures for which actual expenses exceed budgeted amounts.
- CLA does not pay the bills of SSA #1-2015 out of the SSA #1-2015 bank account. All bills are paid through CLA and monies are transferred out of the SSA account to the CLA account for the exact amount of funds spent for the SSA. If a bill is to be allocated between CLA and the SSA, only funds that apply to the SSA portion of the bill are transferred to CLA.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

**Management response:**

- Our corrective action plan is for Chicago Loop Alliance to be more careful monitoring expenditures and we will request a budget revision if it is determined that any of the categories will be over budget.
- Additionally, SSA #1-2015 bank account is currently a depository bank account. All bills are paid through the Chicago Loop Alliance (CLA) bank account and monies are transferred out of the SSA #1-2015 account to the CLA account for the exact amount of funds spent for SSA # 1-2015. SSA #1-2015 funds are not commingled with other CLA sources per *Section 5.03, Method of Payment*:

*Section 5.03, Method of Payment*, also states that pursuant to a schedule to be determined by the Commissioners, after the performance of services pursuant to the terms of the agreement, CLA may submit invoices to the City to request reimbursement for such expenses. CLA must provide, along with the invoices, such additional documentation as the Commissioners request to substantiate the services. Upon the Commissioners' determination that the invoices are accurate, the City will process payment of the invoices.

Abiding to the Special Service Area Financial and Accounting Guidelines, SSA #1-2015 Commissioners do not sign checks or other financial documents, but their approval in writing is needed for financial transactions pertaining to SSA #1-2015 finances. CLA will include a Commissioner or Commissioners elected by the State Street Commission to review a summary of accounts payable batch approval scheduled for payment. The elected Commissioner's signature will serve as authorization of the accounts payable scheduled for payment before disbursements are made. The elected Commissioner will also be invited to sit at CLA's Finance Committee meeting to ensure compliance with the Special Service Area (SSA) Audit Guidelines and appropriate management of SSA #1-2015 fund.

The Department of Planning and Development found this Corrective Action Plan satisfactory to ensure compliance with the requirements established in Special Service Area (SSA) Audit Guidelines in a letter addressed to Chicago Loop Alliance (CLA) on July 19, 2012, which was issued when CLA was the sole service provider to SSA #1. The procedures have not changed when SSA #1-2015 was established.

SPECIAL SERVICE AREA #1-2015  
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## Exhibit A Budget

### Special Service Area # 1-2015

Service Provider Agency:	Chicago Loop Alliance
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### 2019 BUDGET SUMMARY

Budget and Services Period: January 1, 2019 through December 31, 2019

CATEGORY	2018 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources 2018 Budget
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$450,500	\$0	\$0	\$0	\$0	\$450,500
2.00 Public Way Aesthetics	\$1,139,000	\$36,674	\$83,000	\$0	\$36,674	\$1,295,348
3.00 Sustainability and Public Places	\$0	\$0	\$0	\$0	\$0	\$0
4.00 Economic/ Business Development	\$113,500	\$0	\$0	\$0	\$0	\$113,500
5.00 Safety Programs	\$378,000	\$0	\$27,000	\$0	\$0	\$405,000
6.00 SSA Management	\$162,500	\$0	\$0	\$0	\$0	\$162,500
7.00 Personnel	\$593,126	\$0		\$0	\$0	\$593,126
	<b>Sub-total</b>	\$2,836,626	\$36,674			
<b>GRAND TOTALS</b>	<b>Levy Total</b>	<b>\$2,873,300</b>	<b>\$110,000</b>	<b>\$0</b>	<b>\$36,674</b>	<b>\$3,019,974</b>

### LEVY ANALYSIS

Estimated 2018 EAV:	\$858,567,963
Authorized Tax Rate Cap:	0.575%
Maximum Potential Levy limited by Rate Cap:	\$4,936,766
Requested 2018 Levy Amount:	<b>\$2,873,300</b>
Estimated Tax Rate to Generate 2017 Levy:	<b>0.3347%</b>